

CITY OF FAIRFIELD VEHICLE PROGRAM 2008-2009 Grand Jury Report

REASON FOR INVESTIGATION

The 2008-2009 Solano County Grand Jury chose to investigate the quantity, purchase and use of vehicles owned by the City of Fairfield.

GRAND JURY ACTIONS

- Interviewed City Manager of Fairfield
- Interviewed staff from the City of Fairfield Police Department Support Services
- Reviewed inventory of City-owned vehicles by department, location and assignments
- Reviewed City of Fairfield Administrative Policy for Purchasing, Chapter 400, sections 2 and 5
- Reviewed draft copy of Fairfield Police Department Policy 705, Assigned Vehicle Program
- Reviewed City of Fairfield Assigned Vehicle Program, Bulletins 20, 2310 and 2311
- Reviewed Fairfield's City Budget for 2008 – 2009 for vehicles
- Reviewed United States 2007 Annual Estimate of Population of Incorporated Places in California pertaining to cities within Solano County
- Reviewed Federal and State of California Tax Codes for company-supplied vehicles

BACKGROUND/SUMMARY

As of November 2008, the City of Fairfield owns 377 vehicles comprised of automobiles, SUVs, pickups and vans. This number excludes special-use vehicles (e.g., fire engines, street sweepers, heavy construction equipment, etc.) and the Federally-funded Transit fleet. At the time of this report, 16 of the City-owned vehicles were going to auction.

Purchasing of the City's vehicles is regulated by City of Fairfield Administrative Policy, Chapter 400 – Purchasing, Section 2 - Formal Bidding, and Section 5 – Purchasing Types, subsection (e), which states all vehicles and construction equipment, except Police and Fire vehicles, shall be purchased under the direction of the Director of Public Works. Police and Fire vehicle purchases are delegated to those operational departments using the same purchasing policies as cited above. Either vehicles are pre-budgeted, or the request goes to the City Council for review. Purchases over \$25,000 require the City Council's approval.

As of November 2008, Assigned Vehicle Program Procedure 2310, Section B (2), states:

(1) "Only employees living within the city limits of the City of Fairfield will be allowed to take an assigned vehicle home."

(2) "Exceptions to the city limit rule: motor officers, canine officers, officers driving unmarked police vehicles and division managers and bureau commanders who are entitled to either a take-home car or car allowance. Those employees who are in one or more of the excepted categories shall be permitted to drive their assigned vehicle home as long as they reside within a 60-minute radius from the police department administration building and can provide off-street parking for the police vehicle."

(3) “The employees shall not use assigned vehicles for personal business, such as errands, secondary employment, or transport of persons other than City employees.”

At the time of this report, the following procedure, Fairfield Police Department Assigned Vehicle Program Policy 705.3, was under review to replace Assigned Vehicle Policy, 2310 and 2311. The proposed section 2310(a) states:

“Only employees living within the city limits of the City of Fairfield will be allowed to take an assigned vehicle home.”

The exceptions in Policy 705, Section B, are the same as within Policy 2310 and does not address nor change the number of allowable vehicles that can be taken home within the Police Department (e.g., all motor and canine officers, unmarked cars, division and bureau commanders). As of November 2008, 91 vehicles are classified as “take home” for which use there is no charge to the assigned driver.

The one-vehicle-per-officer policy has been in effect since 1983. Each vehicle is utilized on a single shift. The last review and justification for one vehicle per officer was made 15 years ago (City Bulletin 20, Assigned Vehicle Program).

Currently, total acquisition value of the 377 City-owned vehicles is \$13,800,000. Budgeted replacement costs in Fiscal Year 2008-2009 are \$2,900,000. Annual maintenance costs are \$1,400,000. Current City policy is to replace these vehicles after eight years of service or 90,000 miles.

The City of Fairfield currently purchases all vehicles. No vehicles are currently leased with a purchase option. Staff stated it would not be cost-effective to lease vehicles. An example given was the cost of \$1,800 just to remove and replace radios and other equipment for each leased motorcycle.

The trend in vehicle purchases is to combine requirements with other governmental agencies. Some vehicle purchases were made in cooperation with other governmental units for reduced acquisition costs.

FINDINGS AND RECOMMENDATIONS

Finding 1 - The example provided by the City for not leasing vehicles does not appear to justify the decision for not leasing vehicles.

Recommendation 1 - The City should reconsider leasing part of its fleet. This would make it easier to modify the size of the fleet based on need and economic considerations. For instance, in lean budget years, there would be more flexibility to reduce the size of the fleet. Some leases may include all or a portion of their scheduled maintenance costs. Additional costs for turning in a vehicle early would be partially offset by savings in fuel and maintenance.

Finding 2 - The City currently allows 91 of the 377-vehicle fleet, which is 24%, to be used for personal commute to work assignments from home. This number of vehicles taken home by employees is very high.

Recommendation 2 - The City should examine the original justification and determine if the policy is still appropriate. The above-referenced procedure for assignment of vehicles should be reviewed and justified annually by each department head and the City Manager.

Finding 3 – The exception to the Assigned Vehicle Program Procedure 2310, Section B is over broad and allows a loose interpretation of the rules, which could lead to fiscal abuse in these difficult economic times.

Recommendation 3 - The City Manager should review language in the current policy and the proposed draft of the procedures then make appropriate recommendations before being presented to the City Council. This would keep individual department policies from conflicting with approved City policies.

Finding 4 - The last review of the Police Department assigned vehicle policy was made 15 years ago under different economic circumstances.

Recommendation 4 - Review and evaluation of City policies covering vehicle fleet usage by all City departments should be made annually. Other Fairfield City departments with take-home assigned vehicle policies should also be reviewed.

Finding 5 – Combining vehicle purchases with other governmental agencies has proven to be cost-effective.

Recommendation 5 - The City should continue and expand efforts on the taxpayers' behalf to combine vehicle requirements with third parties where it is shown to be cost-effective.

COMMENTS

Another aspect of vehicle operational costs is insurance. These costs are combined with the Joint Powers Risk Management Authority up to \$40,000,000 of vehicle pool insurance after the first \$500,000 of self-insurance. The premium for auto liability insurance for Fiscal Year 2008-2009 is determined by the number of employees on the payroll. The size of the vehicle fleet does not impact the insurance premiums.

The Grand Jury suggests that the City of Fairfield advise assigned authorized drivers to review the current Federal and State Tax Codes, as to the use of City-owned vehicles for commute purposes. This may be considered a taxable benefit to the assigned user under the current Federal and State tax codes.

AFFECTED AND RESPONDING AGENCIES

Fairfield City Council
Fairfield City Manager
Fairfield Director of Public Works

COURTESY COPIES

Fairfield Purchasing Manager
Solano County Board of Supervisors
Fairfield City Attorney
Fairfield Fire Chief
Benicia City Council
Dixon City Council
Vallejo City Council
Vacaville City Council
Rio Vista City Council
Suisun City City Council
Fairfield Director of Finance
Fairfield Chief of Police